

Political Reviews

*Micronesia in Review: Issues and Events, 1 July 2007 to
30 June 2008*

JOHN HAGLELGAM, DAVID KUPFERMAN, KELLY G MARSH,
SAMUEL F MCPHETRES, DONALD R SHUSTER

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LORENZ GONSCHOR, JON TIKIVANOTAU M JONASSEN,
MARGARET MUTU, UNASA L F VA'A

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Reviews of Kiribati and Nauru are not included in this issue.

FEDERATED STATES OF
MICRONESIA

The beginning of this review period was particularly busy. The new national administration led by President Emanuel Mori had just been inaugurated and the political watchers were focusing on nominations for department heads. The first batch of nominees the president submitted included his uncle for secretary of resources and development, and his brother-in-law for FSM ambassador to the United States. The respective congressional committees favorably recommended the nominations for approval. However, the whole congress rejected both. Neither the reports of the jurisdictional committees nor the floor debates addressed the issue of nepotism, which was foremost in everyone's mind. Regardless, the political pundits knew that the two nominations were rejected because the nominees are close relatives of the president, who is from Chuuk State. In this particular case, the FSM public can heave a sigh of relief that the built-in checks and balances at the national level worked.

The president nominated Makato Robert from Chuuk as his attorney general. At the time of his nomination, Robert was still facing charges of unethical practices in the FSM Supreme Court. In its report, the

Judiciary and Governmental Operation Committee criticized the court for not acting promptly on the nominee's application for reinstatement to the FSM bar, but ignored the fact that the nominee still cannot appear before the FSM Supreme Court. Regardless of the deficiency in Robert's credentials, the FSM Congress took the bizarre action of approving his nomination. It is not clear how the new attorney general will represent the nation before the FSM Supreme Court, and how much damage this action has done to the reputation, image, and legitimacy of the national government.

At the time of this writing, the Mori administration has filled almost all the major overseas posts with new ambassadors. Yosiwo George, the former governor and chief justice of Kosrae and most recently the manager of MiCare, the national government health insurance program, is the new FSM ambassador to the United States. John Fritz, a Japanese-educated Chuukese and longtime staff member of the embassy in Tokyo, has taken over from Kasio Mida as the ambassador to Japan. The former counsel general in Guam, Samson Pretrick, has become the new ambassador to Fiji. Masao Nakayama remains the head of the FSM Permanent Mission at the United Nations. Beijing is the only unfilled overseas post, but Carl Apis, a Pohnpeian, has been appointed as deputy chief of mission there. The consul general positions in Guam and

Honolulu are filled respectively by Gersen Jackson of Kosrae and Aki-lino Susaia of Pohnpei. Jackson is a former lieutenant governor of Kosrae, and Susaia served as the secretary of the Department of Economic Affairs under former President Joseph Ursemal.

It is interesting to note that Masao Nakayama is the only remaining member of the old FSM diplomatic corp. Yosiwo George served a couple of years as head of the FSM mission at the United Nations in New York. Pretrick and Fritz are new in their posts but they are experienced diplomats. The two consul generals are new to diplomacy, but they are experienced administrators.

The FSM president's cabinet consists almost entirely of new members. Finley Perman, a former official of the Pohnpei state government, now heads the Department of Finance and Administration; Lorin Robert, the former deputy secretary of foreign affairs, became the head of that department. Vita Skilling, a physician at the Kosrae state hospital, became the secretary of the new Department of Health and Social Affairs. The head of the newly renamed Department of Resources and Development is Peter Christian, the former Speaker of the national congress. Casiano Shoniber, the former Pohnpei state director of education, took over the new Department of Education. Francis Itimai, the former director of planning and budget in Yap, became secretary of transportation, communication, and infrastructure; the former head of that department, Andrew Yatimal, now heads the Office of Environment and Emergency Management. Dr Rufino

Mauricio remains the director of the newly expanded Office of National Archives, Culture, and Historic Preservation. Fabian Nimea, former manager of the Pohnpei Branch of the Bank of the FSM, becomes the director of the Office of Statistics, Budget and Economic Management, Overseas Development Assistance, and Compact Management (SBOC). And Julius Joey Sapelalut has taken over as the chief public defender.

It is noteworthy that all the FSM constituent states are represented in the president's cabinet. For the first time a woman (Vita Skilling) has been appointed to head a department in the national government. All members of the cabinet are veterans of state or national administrations.

The new national administration submitted to the FSM Congress a reorganization bill to revamp the executive branch in order to focus on national priorities and streamline the various departments and offices. The congress passed the bill in almost its original form. The law split the Department of Health, Education, and Social Affairs into two new departments: the Department of Health and Social Affairs, and the Department of Education.

Another notable feature was the creation of a new Office of Statistics, Budget and Economic Management, Overseas Development Assistance, and Compact Management. The new SBOC office incorporates the collection and analysis of data, formulation and compilation of budget, responsibility for overseas assistance, economic analysis, and compact management. A cursory look at the new office indicates that it has assumed some responsibilities that might be

more appropriately assigned to the Department of Foreign Affairs and the Department of Resources and Development. It is hard to imagine how this office will be able to focus on its multitude of roles and responsibilities with regard to planning and implementing national priorities. It is likely that confusion and friction will result from the difficulty of delineating responsibilities within the office, as well as defining its relationships with other departments. For instance, does the new office, which absorbed the Office of Compact Management, take over the responsibility of managing the relationship of the Federated States of Micronesia with the United States, or just a portion of it? If it is just a portion, then what is left for foreign affairs to do? How about coordination of established roles and responsibilities between the two institutions? It is interesting to note that the new office has hired one health specialist and one education specialist. It has assumed a multitude of functions and responsibilities that indicate that it is becoming a super-department—without having first been a department.

Another notable aspect of this reorganization law is the changing role of the Historic Preservation Office, which is now also in charge of cultural preservation. This seems to contravene the very essence of the FSM federal system of government. At the 1975 Micronesian Constitutional Convention, the delegates opted for a system of government that delegated particular expressed powers, as well as powers that are indisputably national in character, to the national government. Powers not delegated to the national government are reserved for the states

to exercise (Meller 1985). It is difficult to understand how preservation of culture becomes an expressed power or indisputably national in character, and therefore beyond the states to control. In fact the very essence of FSM federalism is the diversity of its constituent states. As far as the states are concerned, one of the attractive aspects of the national constitution was the empowerment of an individual state to preserve its own cultural uniqueness within the whole federation. This is what the FSM people proudly refer to as unity in diversity.

The People's Republic of China is quite active in providing funds for a variety of public buildings and other projects. In addition to the office building for the Tuna Commission, projects funded by the Chinese government include the FSM embassy in Beijing, assistance to the financially troubled state governments of Chuuk and Kosrae, the construction of the Pohnpei state capitol, and contributions to the FSM Trust Fund. The funding of public projects and direct contributions to financially beleaguered states have certainly raised the political profile of China as a player in the Micronesian region.

The FSM president irked the US embassy in Kolonia by suggesting in an interview with *Pacific Magazine* that China could become a challenger to the United States in the Pacific region (Takeuchi 2008). The president's ad-lib comments annoyed the Americans but the president expressed the common feeling that China is here for the long haul. The Chinese are careful to paint a picture of their country as an open society that views the Federated States as an equal partner in

their overall bilateral relations. When visiting Beijing, FSM leaders have easy access to the Chinese president and other national leaders. To underscore the importance of their relationship, the Chinese usually treat the Micronesians to lavish state banquets in the People's Hall in Tiananmen Square. In their eagerness to encourage more official visits, the Chinese government provides a certain amount of cash to each member of the party in the form of a stipend. Whether China will challenge the US standing in the Micronesian region remains to be seen. But China is building the foundation of its relations with Micronesia on the basis of mutual friendship and respect for national sovereignty.

It was no coincidence that Vice Chairman Jiang Zhenghua of the Standing Committee of the National People's Congress led a high-level delegation of parliamentarians on an official visit to the FSM. The visit was scheduled to fall on 12 September to commemorate the eighteenth anniversary of the establishment of diplomatic relations between the two countries. In a joint communiqué with the FSM Congress, the parties agreed to promote better understanding and overall development of their countries' bilateral relations.

On the economic front, the overriding concern is the rising cost of fuel and food items. At the time of this writing, a gallon of gasoline costs about \$6.66. Diesel fuel costs about \$6.80, as does kerosene. The high cost of fuel has, in turn, raised the cost of imported food items such as rice and chicken. To deal with the high fuel costs, the Federated States has created the FSM Petroleum Corporation

to take over the fuel supply facilities currently owned by Mobil Oil Micronesia. The government is hoping that when this new corporation assumes full responsibility for supplying fuel to FSM customers, the price of fuel will drop. But if the costs of telephone service and public utilities—two services monopolized by public corporations are indicators—then FSM customers are in for a big surprise. FSM public corporations are better known for providing high salaries and generous benefits to employees than affordable services for customers.

At the last leadership conference in Kosrae, a wide range of options was discussed with regard to the high cost of food items. Among the options was creation of price control boards in the four states. However, such a move might create shortages as importers find their profits squeezed or nonexistent. Since it depends almost entirely on imported goods, the Federated States is finding out the hard way that the economic forces affecting the welfare of its citizens are beyond its control.

Roosevelt Kansou, a national senator who represented Chuuk Election District 2 in the FSM Congress, was tried and convicted of conspiracy in March 2008 and has vacated his congressional seat, as required by section 9 of article 9 of the FSM Constitution. In the special election of 27 May 2008, the voters in Northern Namoneas elected Tesime Kofot, a veteran of the Chuuk legislature, to replace Kansou.

Fabian Nimea, the SBOC director, who is also the designated national authorizing officer for European Union programs, visited several EU

member countries to “further broaden economic and development ties between Micronesia and the European Union” (FSM Government Web site 2008). The delegation received a pledge of \$1 million for a technical assistance program, and up to \$3 million in low-interest credit for energy development. In addition, the Dutch government pledged a maximum amount of \$2.5 million for various projects to promote sustainable development. As far as EU assistance is concerned, the mission can be pronounced a success, but the odd thing about this mission was the total absence of foreign affairs representatives.

President Mori is asking the FSM Congress to adopt four proposed amendments to the FSM Constitution. If the congress adopts any of these proposed amendments, then they might be submitted to the voters for ratification in the national congressional election in March 2009. The proposed amendments are (1) to lower the threshold of approving a constitutional amendment from 75 to 60 percent of the total votes cast; (2) to make former presidents ineligible to run for congress, and to allow popular election of the FSM president and vice president; (3) to limit all members of congress to a maximum of three consecutive four-year terms; and (4) to limit the term of a justice on the FSM Supreme Court to fifteen years. All of these except the one preventing former presidents from running again have been submitted to voters for approval at one time or another. The president has yet to indicate what he hopes to accomplish with these proposed amendments.

JOHN R HAGLELGAM

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GUAM

Guam’s Annual Liberation Day festivities in July 2007 marked the sixty-third anniversary of relief from occupying forces in World War II. However, a bill meant to compensate residents for the forced labor, torture, injury, and death that occurred during the Japanese occupation of the island made little progress. The Guam World War II Loyalty Recognition Act passed the House but remained stalled in the Senate (*PDN*, 6 March, 8 June 2008).

Meanwhile, debate continued about the massive buildup of US military forces, which involves an influx of equipment and personnel estimated to swell Guam’s population by about 40,000 over the next six years. The Government of Guam (GovGuam) consultant KPMG of Washington DC identified three billion dollars worth of projects necessary for the local government to prepare for the buildup. On the federal side, a draft master plan was released that designated the Fina-gayan area as the preferred site for

the US Marine base, but dropped any reference to a previously promoted one-billion-dollar road. In the background of a rising military presence and resulting strains on infrastructure, the Guam Waterworks Authority objected to a 100 percent increase in the price the US Navy sells water from the Fena Reservoir to the island's local community. Concerns about the traffic and other potential burdens caused some to question the actual benefits versus costs for the Guam community (*PDN*, 25 April 2008). Local leaders raised questions about the buildup and associated funding needs to both US Senate and House committees with jurisdiction over Guam. Concerns about the expanded military presence on Guam also reinvigorated the ongoing debate on island landownership, with calls for the return of federal property to ancestral landowners.

The dominant economic news focused on preparations for military buildup, Tumon luxury condo development, and the rising cost of living. The consumer price index in early 2008 rose by 4.5 percent from the previous year (*PDN*, 8 April 2008). Local economists asserted that wages had not kept pace with inflation even with a July increase in the minimum wage (*PDN*, 1 Jan, 8 Jan 2008). The public especially focused on rising gas prices, and increasing power and water rates (*PDN*, 1 Aug 2007; 22 April 2008). Prices for single-family homes rose 19 percent from the previous year.

Also on the rise was opposition to the construction of luxury condominiums in Tumon Bay. The Guam Land Use Commission had approved projects involving almost 1,500 condo units with more applications pending,

including a development of 608 condo units and 32 villas next to Ypao Beach Park. Although the influx of construction dollars was welcomed, there was increasing public concern about the impact of these projects on the quality of life in the Tumon area (*PDN*, 19 May 2007). The Guam Waterworks authority had already announced a moratorium on water and wastewater connection in parts of Hagåtña and Tamuning, including a section of Tumon Bay, because of increasing strains on existing infrastructure in those neighborhoods.

Business leaders and economists agreed that the economic downturn in the US mainland had little negative impact on Guam, inasmuch as the local economy was more tied to the Japanese and South Korean economies. On the other hand, declines in interest rates benefited local residents for their home and car loans. The federal tax rebate program implemented nationwide to combat the economic downturn was also extended to Guam, thereby benefiting the local economy. As Guam welcomed its twenty-millionth visitor from Japan in September, the decline in the dollar was seen to help tourism, but also impact the price of imported goods (*PDN*, 20 Sept 2007). Construction fueled a rise in employment by 990 jobs from the previous year (*PDN*, 8 March 2008). In general, the island's economy was seen as gradually improving (*PDN*, 24 Jan 2008).

In July 2007, the local government received a \$21.7 million windfall in federal reimbursements, which allowed Governor Felix Camacho to cancel plans for severe budget cuts and worker furloughs (*PDN*, 14 July 2007).

In November 2007, GovGuam issued \$150 million in bonds to refinance existing bond debt and raise funds to pay other obligations. After the refinancing, an additional \$69.3 million was available to pay past-due income tax refunds, court-ordered payments to retirees, upgrades for mental health services that were mandated in another court case, and other health, social service, and education improvements. Also funded was an overdue valuation study of the island's real property, which under the Organic Act is used to establish the ceiling on overall government debt (*PDN*, 25 Oct 2007).

Even with the cash infusion, government finances continued to be a concern. The Camacho administration's advocacy of a package of fee and tax increases met with strong opposition from both activist and business leaders (*PDN*, 4 July 2007). After several late night sessions, the legislature passed a compromise budget in September, which the Camacho administration stated was not balanced (*PDN*, 4 Oct 2007). In May 2008, past-due payments for streetlights led to the Guam Power Authority removing forty-eight streetlights, which concerned affected communities (*PDN*, 13 May 2008). Adding to the government's financial burden in April was a \$72 million settlement of court cases against the government for Earned Income Tax Credit payments due low-income workers (*PDN*, 11 April 2008).

Concerns for cost savings and effectiveness prompted a focus on government organization. A bill to consolidate housing agencies was rejected by the legislature in August 2007 largely

because it provided no cost savings (*PDN*, 25 Aug 2007). The Chamber of Commerce pushed a ballot initiative that would reduce the legislature from fifteen senators to only seven. Critics of the proposal said it would reduce diversity in representation and concentrate too much power in a few hands (*PDN*, 6 April 2008).

Meanwhile, Governor Camacho brought forth his own proposal in April 2008 to give him broad authority over the public school system, because of its continued management and financial difficulties. The Guam Public School System continued to experience turmoil as the attorney general's office closed several public schools owing to needed repairs, and the school system lost two superintendents in a row (*PDN*, 21 June 2008). Schools Superintendent Luis Reyes was fired in March, and his replacement, Giovanni Sgambelluri, resigned in June after only two weeks on the job (*PDN*, 29 March, 6 June 2008). At the tertiary level, the island community once again has a Chamorro at the helm of the University of Guam, former Congressional Delegate Robert A Underwood (*PDN*, 22 May 2008).

In the arena of health care, public attention continued to be drawn to the island's only civilian hospital, Guam Memorial Hospital. As in previous years, concerns were voiced about the hospital's financial situation, shortage of hospital beds, lack of accreditation, and management. Consequently, there was active public discussion with a focus on familiar solutions, including expanding the current hospital, partial privatization, and building a new private hospital. On a positive note, Guam saw advances in the use

of telemedicine to provide patients with diagnostic services through video feeds with off-island specialists (*PDN*, 8 March 2008). A private air ambulance service also commenced service during the period under review to medevac patients for off-island care.

The year saw the continuation of a number of efforts promoting indigenous culture, including a publicized traditional Chamorro chant ceremony at the site of ancestral remains on the grounds of the Guam Hotel Okura; the unveiling of the Healing Farms program, which advances traditional Chamorro agricultural practices for young people; the Alâhas Project, which created alâhas (a type of traditional Chamorro jewelry) replicas to raise funds for the Guam Museum; and Project Proa, an effort to build a traditional seafaring vessel (proa), to invigorate the tourist industry with island traditions (*PDN*, 9 July 2007; 24 May 2008). Further, Governor Camacho issued a proclamation marking 2008 as Silibrasion Proa to recognize efforts by Chamorros in Guam, the Commonwealth of the Northern Mariana Islands, and San Diego to reconstruct an ancient seafaring vessel, expected to be completed before the end of 2008 (*PDN*, 7 Jan 2008).

Chamorro women achieving milestones this year included Tanya Muna, who became the first Chamorro female deputy US marshall for Guam and the Northern Mariana Islands, and Rindrate Celes Limtiaco, who was named the first Chamorro publisher in the Gannett newspaper chain (*PDN*, 10 Aug, 31 Aug 2007). The island kept abreast of Guam's own Roseana "Rose" Laguana, who competed on Fox's reality television show, *The Next*

Great American Band (*PDN*, 6 Nov 2007).

Community activity extended to the Internet with the 10 April 2008 launch of Guampedia (www.guampedia.com). People worldwide now have access to a scholarly encyclopedic online resource describing Guam culture and history. The online video service YouTube featured an increasing number of submissions about Guam, ranging from local political activist commentary to much publicized footage of a B-2 stealth bomber crash on Guam in February. Guam teen Tiffany Shieh developed a Web site (www.guamendangeredbirds.com) to "raise awareness about the island's endangered birds" (*PDN*, 26 Aug 2007). And people from Guam were able to Web-conference with loved ones serving in the military overseas as part of the Freedom Calls Foundation effort (*PDN*, 6 April 2008).

As has become common, the many cultures of Guam's community celebrated their presence throughout the year. The twentieth annual Guam Micronesian Island Fair in October 2007 was touted as a means to promote Micronesian unity and the sharing of heritage among the region's peoples (*PDN*, 8 Oct 2007). The Guam Humanities Council held several events for their project, "A Journey Home: Camp Roxas and Filipino American History in Guam." Additionally, some new cultural events were added into the mix, such as the Hålom Tåno' Pångua (Christmas Jungle Land) cultural holiday fair and the Ferian Huegu yan Hugeten Chamoru (Chamorro Toys and Games Festival).

There were periodic reminders of

federal ties to the island, including a visit by a high-level congressional delegation. The delegation toured local military facilities and the War in the Pacific Park, where they honored military servicemen and Chamorro civilians who died during World War II. In December, the National Park Service announced that an ornament designed by a local artist was included in the decorations for the official White House Christmas tree. Guam was also part of the US Treasury program that featured each state and territory on the back of editions of the US quarter coins (*PDN*, 6 March 2008). However, media reports of a possible official apology to African Americans for slavery prompted some to note that others, including colonized indigenous people, were also in line for an apology (*PDN*, 8 Sept 2007).

Guam issues received attention from off-island legislators in two forums. The Twenty-Seventh General Assembly of the Association of Pacific Island Legislators was held on Guam and focused on the impact of the military buildup on Guam and neighboring islands. At a Honolulu meeting of legislators from Alaska, Hawai'i, and the offshore territories, concerns were raised that US citizens living outside the contiguous forty-eight states were being treated as "second-class citizens" or "like they're from a foreign country" (*PDN*, 15 Dec 2007). Chamorro and human rights activist, author, and third-year law student Julian Aguon appeared before the UN Permanent Forum on Indigenous Issues calling for an investigation into the plight of the indigenous peoples of the remaining non-self-governing territories, including Guam. In June 2008,

Dr Lisa Linda Natividad, a clinical therapist, social worker, and professor at the University of Guam, along with Aguon, embarked on a month-long speaking tour of major Australian cities to discuss what they termed the "hyper-militarization of Guam" by the United States.

In 2003, a federal court issued a consent decree requiring GovGuam to close the existing Ordot landfill and open a new one by 2006. The court order was prompted when the US Environmental Protection Agency filed a suit against GovGuam for the continued operation of the landfill, which the agency claimed was not in compliance with federal environmental standards. The resulting court order stipulated that GovGuam was to meet several deadlines to close Ordot landfill and open a new one that would be in compliance. After failing to meet that deadline and others, US District Court Chief Judge Frances Tydingco-Gatewood this year placed GovGuam's solid waste operation under federal receivership and appointed a private firm as receiver. The receiver was given the power over existing solid waste operations including the landfill, as well as the power to sign contracts and secure fees to fund the implementation of the consent decree.

Longtime Senator and former Speaker Antonio "Tony" Unpingco, a quiet but strong supporter of Chamorro culture, passed away October 2007 (*PDN*, 20 Oct 2007). With Unpingco's death, three major contenders vied to replace him in a special election held on 5 January 2008. The winner, former Democratic Senator and Chief Justice Benjamin

J “B J” Cruz, switched the legislative leadership from Republican by establishing an eight–seven Democratic majority. After several weeks of political and parliamentary maneuverings, the Republicans surrendered the top three spots of Speaker, vice speaker, and legislative secretary. The spots were filled by Democrats Judy Won Pat, David Shimizu, and Tina Muña Barnes. The Republicans, however, were able to retain control of the chairs of the legislature standing committees.

Appearing on the special election ballot was a controversial initiative seeking to legalize slot machines at Guam Greyhound Park. The failure of the proposal, riding on the heels of a similar failed November 2006 proposition, caused island leaders to examine ways to prevent voters from having to repeatedly act on the same issue. Also in January 2008, Robert Torres Jr was sworn in as the new chief justice of the Supreme Court of Guam (*PDN*, 16 Jan 2008).

International interest was drawn to Guam during the caucus to choose between Democratic contenders Barack Obama and Hillary Clinton. Though Guam does not participate in the general election for president, both political parties accept Guam delegates to their national conventions. In May 2008, more than 5,000 voters participated in the presidential caucus, which Obama won by a mere seven votes (*PDN*, 5 May 2008).

Although there was increased media interest in Guam, some of the coverage tended to reinforce stereotypes about Pacific Island life. For example, CNN coverage used footage of grass huts and “natives” waving through palm

trees when reporting on the Guam vote. Also, the heightened significance of the Guam results was often characterized in negative and patronizing tones. On Guam itself, the presidential campaign produced its own dynamics. Since the village of Inarajan’s annual celebration of its patron saint was scheduled for the same weekend (10–11 May) as Guam’s Democratic Presidential Caucus, they were permitted to hold their vote a week earlier than the rest of the island, on the weekend of 3–4 May.

Earlier in the year, Guam’s Republican Party picked its own delegation for their convention. However, it did not receive much attention since, by that point, John McCain had wrapped up the nomination. In a videotaped message for a fundraiser, McCain noted that “three generations of his family have been to Guam” and that “one of Guam’s daughters,” Donna Jones, was serving as his national coalition coordinator for Americans with disabilities and disabled veterans (*PDN*, 17 May 2008).

In crime news, arrests were made in cases involving the theft of commemorative plaques in the War in the Pacific Park, threats of violence against the wife of Lieutenant Governor Mike Cruz, and the theft of produce from a taro patch, among other incidents. Former airport general manager Gerald Yingling was sentenced to four months house arrest, community service, and a \$5,000 fine for misuse of government credit cards. In another case involving government credit cards, Governor Camacho commuted the sentence of the former deputy for Guam Mass Transit, Tony Diaz, just hours before Diaz was to begin his

prison sentence. In a third case involving credit cards, the attorney general's office moved to dismiss "with prejudice" criminal charges against former Guam Economic Development and Commerce Authority General Manager Ed Untalan, explaining that they had found no criminal intent involved.

One of Governor Camacho's top advisers, Tony Sanchez, quit his post on Camacho's staff. Months earlier, during his previous tenure as superior court administrator, Sanchez had been indicted in a money-laundering case relating to payments to notorious Washington lobbyist Jack Abramoff.

KELLY G MARSH

SPECIAL THANKS to *Julian Aguon and Tyrone Taitano for contributing their perspectives and for reading through an earlier draft of this review.*

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MARSHALL ISLANDS

The past twelve months in the Republic of the Marshall Islands have been dominated by responses to a variety of crises concerning the national election, continued recognition of the Republic of China (Taiwan), the status of Kwajalein Atoll, the looming energy shortage, and the recently declared state of national economic emergency.

The dominant political event was the national election held on 19 November 2007. For all intents and purposes, however, the election came

nine days earlier, when then-Speaker of the Nitijela (Parliament) Litokwa Tomeing left the United Democratic Party (UDP) and announced his support for, among other initiatives, the Aelon Kein Ad (AKA) party platform to recognize the People's Republic of China. Tomeing, who became Speaker and was prominent in the UDP leadership when it came to power in 2000, was quoted as saying, "Our government needs to change. Our current leaders have lost their steam and they shouldn't be allowed to continue" (MIJ, 2007c).

There was little smooth sailing for the Note administration in the run-up to the election. At the end of July 2007, Minister of Foreign Affairs Gerald Zackios resigned his cabinet position shortly after testifying at a US House of Representatives subcommittee hearing on the Compact of Free Association, although he retained his Senate seat from Arno Atoll. While rumors and speculation abounded as to the reasons behind the resignation, the president's office added to the confusion by letting more than a week pass between acknowledging receipt of the resignation and finally accepting it. In addition, the Note government was perceived as having a "hands-off" approach to problems with the fleet at Air Marshall Islands, the government-owned airline and lifeline for many outer-island residents; rolling blackouts in Ebeye; and an unflattering economic report from the US Department of Interior released in late 2007 (Office of Insular Affairs 2007). Speaker Tomeing's analysis that the Note administration was "a dismal failure" seemed to herald the end of UDP rule (Yokwe Online 2007a).

No one could have predicted the debacle that began on Election Day, 19 November 2007, and did not officially end until 4 January 2008, three days before the new Nitijela was scheduled to convene and choose the next presidential administration. The election itself was fraught with missteps and, in Majuro Atoll (the capital and population center), a bout of bad weather. While election law mandates that polling stations are to be open from 7 AM to 7 PM, only one of the thirty polling places in Majuro was operational by 8 AM. There were a number of reports of polling stations opening up no earlier than noon, and one polling station on Majuro had to be moved at 3 PM to the hospital because the landowner of the original polling place had shut it down, saying he had not been asked permission. At 4 PM, the attorney general ordered twenty-one of the thirty polling stations to remain open for voting until 1:30 AM the next day, although the last reported closing came at 5 AM. During late voting, a number of polling stations had to cease operations temporarily to wait for lights to be installed (Johnson and Chutaro 2007).

Chief Electoral Officer Carl Alik initially blamed the late start in Majuro on the morning rain and the reluctance of the Stevedore Company to set up tents early for fear they would be stolen, although a recent change in the voter registration law was the more likely culprit. For the first time, voters from any island could vote at any polling station; in the past, voters from particular islands were assigned to specific polling places. Election workers at a variety of stations, few of whom had previous

election experience, were also cited for inconsistent application of rules and procedures. In at least two instances, election workers required that voters write their names on envelopes with their ballots stuffed inside, in violation of voters' anonymity rights. Alik ended the envelope labeling in the late afternoon when he became aware of what was happening (Johnson 2007a).

Voting in the outer islands had its share of problems as well. Prior to Election Day, with both Air Marshall Islands planes grounded, ballots had to be sent by boat to various outer islands in time for the election. However, the ballot boxes missed their scheduled departure on 4 November, forcing election officials to rely on a combination of government, private shipping, and private charter boats to deliver and return ballots. On Election Day, Jaluit and Wotje atolls both ran out of ballots. Chief Electoral Officer Alik allowed photocopied ballots to be used, with the stipulation that election workers keep track of how many copies they made (Johnson 2007a). In spite of the problems plaguing Majuro and a number of outer islands, sunny skies and organized election workers on Kwajalein Atoll ensured that voting on Ebeye and neighboring islands went smoothly.

Absentee ballots also encountered a series of setbacks and inconsistencies, most notably in the larger Marshallese communities in Arkansas, Oregon, and Hawai'i. The recent changes to the election law regarding absentee voting mandated that overseas ballots be postmarked by Sunday, 18 November, one day before the election. The attorney general argued that this change in the law ensured that no one

voting in the United States would be able to vote after the polls had closed in the Republic of the Marshall Islands or be influenced by news of the election as it was happening on Monday. However, for the majority of absentee voters residing in the United States this meant having ballots postmarked by Saturday, 17 November, two days prior to Election Day. Contributing to the confusion over the new rule was the statement on the president's Web site that voters should post their ballots "as soon as possible," without providing the actual deadline. What is more, another change in the election law stated that absentee voters had to request a ballot or they would not receive one (*MIJ*, 2007b). All of this was trumped by the late arrival (13 November) of all postal ballots to Springdale, Arkansas, home to the largest community of Marshallese outside the country (Massey 2007).

By 3 December, a total of 1,239 absentee ballots had arrived in Majuro, a far cry from the approximately 2,500 received in the 2003 election. Of the ballots received by the election office, only 621 were considered valid; more than half were immediately deemed "spoiled" for being postmarked after the 18 November deadline (*MIJ*, 2007a). Voters living overseas complained, asking how many ballot requests had been received by the election office, and how and when the ballots were actually mailed (Aenet Rowa, Election blog, comment posted 4 Dec 2007). Additionally, the electoral administration was sued in the high court to force it to count 136 "spoiled" ballots postmarked on the day of the election, but the court responded by ruling that

the objection to the electoral administration's decision did not follow proper administrative procedures (*MIJ*, 2007d).

Counting the votes from the thirty-one ballot boxes in Majuro also proved to be an ordeal, as the number of voters tallied on voter sheets did not always correspond to the number of ballots in a given box. While counting officially began by 5 PM on Tuesday, 20 November, the first full box was not completely counted until 11 AM the following day (Johnson and Chutaro 2007). Confusion over the outcome of the election occurred as results were being announced piecemeal over V7AB (the government radio station), on the Web site of the Office of the President, and unofficially on Yokwe.net, although the numbers were not always the same.

Even on 30 November, ten days later, the confusion continued. The *Marshall Islands Journal* reported that the opposition AKA party had won enough seats to form a new government and the *Journal* endorsed Alvin Jacklick, the UDP senator from Jaluit who had been minister of health in Note's administration, for president. Meanwhile, former President Imata Kabua stated that former Speaker Litokwa Tomeing would be the next president, and advocated for a change in diplomatic recognition from the Republic of China (Taiwan) to the People's Republic of China. While the AKA leaders announced both the formation of a coalition government and a new political party called the United People's Party (UPP), by this time leaders of both parties had lodged complaints with the electoral administration over voter eligibility and ballot

counting. In the meantime, three ballot boxes from Majuro went “missing” and the votes were recounted, resulting in more ballots being cast than the number of voters on the original voter list (Aenet Rowa, Election blog, comment posted on 28 Nov 2007).

On 3 December, after the initial recount of the missing boxes, the United Democratic Party announced that they had secured enough seats and that incumbent President Kessai Note would return for a third term. By 6 December, both absentee ballots and outer-island ballots were selected for recount by the election office, even though that office had never released the original numbers of ballots. The opposition AKA party poll watchers staged a walkout in protest, although the recount continued in their absence (Aenet Rowa, Election blog, comment posted on 7 Dec 2007). The chief electoral officer released the final, unofficial results on 10 December, despite the fact that counting was not yet completed. The last two boxes to be tabulated came from Rongelap and Bikini atolls, which reported no problems on Election Day. However, because of transportation issues, the boxes were shipped by boat to Ebeye and then flown to Majuro, where they arrived on 18 December (Giff Johnson, Election blog, comment posted on 19 Dec 2007).

On Christmas Eve, the unofficial results became official for all atolls except two. Petitions for recounts were filed by incumbent Minister of Justice and Senator Donald Capelle from Likiep, as well as by Maloelap challenger Patrick Langmoir. Both recounts commenced on the evening of 3 January 2008 with the results

finalized the next day. Capelle was reelected by six votes, while incumbent Minister of Transportation and Communications and Senator Mike Konelios from Maloelap was also reelected, by a total of twenty-seven votes (Aenet Rowa, Election blog, comment posted on 4 Jan 2008).

At the urging of Women United Together Marshall Islands, a vocal nongovernmental organization, and at the invitation of the government, the election was monitored by a six-member Pacific Islands Forum election observer team, which stayed in Majuro for a week. Despite the issues surrounding the election, the observer team issued a preliminary statement asserting that “notwithstanding the logistical problems which occurred in Majuro, the voting and counting was conducted in a democratic manner, enabling voters to exercise their will freely” (Yokwe Online 2007b). One member of the team returned to Majuro in January to make final observations, but the visit did not make much difference in the team’s assessment of the electoral process.

On 7 January 2008, the new Nitijela convened as scheduled and selected the new government. Despite the wins by UDP incumbents Donald Capelle and Mike Konelios, the UPP coalition had made inroads with newly elected, independent members of Parliament and secured enough votes for the presidency. It was also reported that incumbent President Kessai Note’s insistence on being the UDP presidential candidate convinced a number of undecided senators to vote for the new UPP coalition. Wotje Senator and former Speaker Litokwa Tomeing was elected the fourth president of

the Republic of the Marshall Islands by a vote of 18-15 over Jabat Senator and former President Note, while Majuro Senator Jurelang Zedkaia defeated Jaluit Senator and former Minister of Health Alvin Jacklick for the position of Speaker. UDP Senator Alik Alik, also from Majuro, was narrowly elected vice speaker over Namu Senator Kaibuke Kabua by a one-vote margin, 17-16 (Johnson 2008c).

The final makeup of the latest Nitijela includes some new faces and some surprising departures. The most notable defeated incumbent was Minister in Assistance and Majuro Senator Witten Philippo, who was unseated by newcomer David Kramer. The ratio of women to men remained steady at 1:32, as Amenta Matthew defeated Hiroshi Yamamura, but Abacca Anjain-Maddison was defeated in her bid for reelection by Kenneth Kedi. Independents Kramer and Matthew, along with Dennis Momotaro, who unseated Mejit incumbent Helkena Anni, were all considered key swing votes in forming the UPP government (Johnson 2008c).

The new cabinet reflects the mix of old and new politicians, including those who tipped the scales in favor of the new UPP government. Perennial incumbent Christopher Loeak was named as minister in assistance; Tony deBrum as minister of foreign affairs; Nidel Lorak as minister of education; Jack Ading as minister of finance; Kejjo Bien as minister of public works; Norman Matthew as minister of internal affairs; Frederick Muller as minister of resources and development; David Kramer as minister of justice; Amenta Matthew as minister of health; and Dennis Momo-

taro as minister of transportation and communications.

Once the new government was in place, the fiery rhetoric surrounding the potential switch of diplomatic recognition from the Republic of China (Taiwan) to the People's Republic of China was replaced with statements of support and gratitude for Taiwan. Indeed, prior to the election Taiwan made a series of explicit overtures in the Republic of the Marshall Islands, the most notable of which was selecting Majuro to play host to the second Taiwan Pacific Allies Summit meeting, held 12-14 October 2007. The Taiwan government not only flew the leaders of Kiribati, Nauru, Solomon Islands, Tuvalu, as well as then-Taiwan President Chen Shui-bian to Majuro for the allies summit by chartered jets, but at the end of the summit the Taiwan government also flew the leaders, including the presidents of the Republic of the Marshall Islands and Palau, to Tonga for the Pacific Islands Forum Leaders meeting (Johnson 2007b).

By the end of January 2008, the debate over diplomatic recognition of Taiwan faded into the background, and the future of the decade-long relationship appeared resolved with a visit from then-Taiwan Vice President Annette Lu to the Marshall Islands (Office of the President 2008b) and President Tomeing's first state visit to Taiwan in March. Taiwan's Vice Foreign Minister Elizabeth Chu and the president of the Taiwan Legislative Yuan, Wang Jin-pyng, celebrated Constitution Day in the Republic of the Marshall Islands in May, and President Tomeing again traveled to Taiwan to attend the inauguration of

Taiwan's new president, Ma Ying-jeou (Office of the President 2008c).

After less than a month in office, the new government also embarked on a campaign of *Armij Mokta* (People First), wherein the president and cabinet interrogated every ministerial cabinet and agency head in the public service and promised a number of real and symbolic changes to governmental operations. For starters, the government would no longer use taxpayer funds to purchase alcoholic beverages for public functions, and nonessential government vehicles were to be sold off (*MIJ*, 2008a).

In this vein, and in an attempt to clear up the confusion over the election and introduce a more transparent governing process, the cabinet appointed an official commission of inquiry into the 2007 election in early February 2008. Headed by the Nitijela's legal counsel, and including four other individuals from the public and private sectors, the commission was given forty-five days to conduct a "fact-finding" mission to determine what had happened during the election and to reconsider the electoral processes and laws (Chutaro 2008b). By the middle of May, after a month of public hearings at the Nitijela, the commission turned its completed report over to the president's office. As of this writing, however, the report has not been made public.

Issues concerning Kwajalein and Ebeye also took center stage on the new government's agenda. Various interpretations of the Kwajalein Land Use Agreement between landowners and the Republic of the Marshall Islands government, as well as the US military's reduction of US and Mar-

shallese personnel there, heightened an already tense situation. At the first meeting between President Tomeing and US Ambassador Clyde Bishop, discussions focused on the lingering dispute between Kwajalein landowners and the national government over rental amounts. According to the Military Operating and Use Rights Agreement (MOURA) signed between the United States and Republic of the Marshall Islands governments as part of the second Compact of Free Association in 2003, the United States is entitled to continue operations in Kwajalein until 2066, with the option to extend the agreement an additional twenty years. However, Kwajalein landowners, led by former President Imata Kabua and numerous members of the new government, insist that they were not included by the Note administration in the 2003 negotiations, and further claim that the agreement with the United States actually ends in 2016, the original terms under the first compact (Yokwe Online 2008b).

In April, Ambassador Bishop confirmed that the compact stipulates that if a new land use agreement between the landowners and the government is not reached by 18 December 2008 (five years after the second compact went into effect), nearly \$20 million (the difference in lease payments between the old and new MOURA) placed in escrow would be permanently returned to the US Treasury (Johnson 2008b). The official United States response to the Kwajalein landowners' complaint—"we are in the process of developing a plan to provide for the return of assets to the landowners in 2016"—came during two visits to Pohnpei by members of

the US Senate Energy and Natural Resources Committee as well as the US Pacific commander, ostensibly to identify possible relocation sites for the current Kwajalein operation (*MIJ*, 2008c).

At the same time, Kwajalein Commander Colonel Stevenson Reed announced at the end of February 2008 that 89 out of 1,001 Marshallese Kwajalein Range Services workers would be laid off in a round of military base budget cutbacks during the 2008 fiscal year (Yokwe Online 2008a). The layoffs began in April, and came in the midst of a string of bad news for Ebeye. In early February, a series of illegal toilet and sewage connections resulted in an *E. coli* bacterial contamination in Ebeye's freshwater system (Chutaro 2008a). A month later, the government introduced an emergency Ebeye Stabilization Plan along with \$2.3 million provided by the US Department of Interior, intended to fix basic island infrastructure over the next eighteen months (Office of the President 2008a). To complicate matters, in April the government's Ebeye Situation Report 2008 stated that the island's population had doubled since 1980, to an estimated 12,000 residents, effectively producing a population density of 30,000 people per square kilometer (*MIJ*, 2008b).

All of these developments, of course, were overshadowed by the rise in world food and gas prices, which hit the Marshall Islands particularly hard. On 1 April 2008 the biggest-ever increase in the cost of electricity took effect nationwide, climbing 7.5 cents per kilowatt-hour (*MIJ*, 2008f). On 13 May, power rationing began on Jabor,

Jaluit, as electricity was made available for ten hours a day (*MIJ*, 2008e); two weeks later, gas prices leaped to more than six dollars a gallon. June started with an even bigger increase in electricity rates—eight cents per kilowatt-hour (*MIJ*, 2008d)—as well as a report by the Economic Policy, Planning, and Statistics Office stating that the consumer price index for the first three months of 2008 had escalated an alarming 10.2 percent (EPPSO 2008). By 16 June, the Disaster Committee recommended to the cabinet that the government declare a national state of emergency as the utility companies on Majuro and Ebeye anticipated an \$18 million shortfall in 2008. The utilities reported that they needed \$8.5 million in immediate cash to pay for fuel that had recently been delivered by their supplier SK Networks to meet a 10 July payment deadline, as well as to provide a down payment on fuel needed by early August (Johnson 2008a). After a series of delays and deferrals, President Tomeing declared a national state of economic emergency on 3 July. It remains to be seen how the Republic of the Marshall Islands will handle this latest crisis.

DAVID W KUPFERMAN

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COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Whether shouted from the rooftops or whispered in dark alleys, the word *federalization* has different meanings for different people. For some it is a cure for the cancer that has been growing for decades in the body politic of the Commonwealth of the Northern Mariana Islands (CNMI). For others, it is itself a deadly cancer that will eventually be fatal. Both extremes are well represented in popular discourse and, of course, majority opinion falls somewhere in between. Every other topic covered in this report is locally evaluated in terms of its relationship to growing federal authority in the commonwealth.

When the US Congress decided to implement section 503 of the CNMI Covenant, which gave Congress the authority to federalize immigration and minimum wage rates, there were several distinct interpretations among the population. For the administration of the commonwealth it was a disaster waiting to happen, and many attempts were made to block its passage, including hiring new lobbyists (the unfortunate Jack Abramoff experience notwithstanding). When it eventually came through as a compromise measure between the US Senate and House, it contained no provision for improved immigration status for certain nonresident workers. Nonetheless, the local administration saw this as a violation of its right to self-government under the terms of the covenant. Every effort was made, and is still being made, to neutralize the impact and retain control over immigration. The governor feels that loss of

control over who enters and exits the commonwealth threatens the tourism business, which depends largely on markets where US visas are difficult to obtain. There is also the issue of nonresident workers and their status under federal immigration system. Local politicians fear the worst, as a large segment of the population welcomes tighter controls as a means of eliminating the corruption perceived to exist in immigration and labor fields. As of this writing, Governor Benigno Fitial is preparing a lawsuit on behalf of the commonwealth against the federal government to block implementation of the federalization law.

A completely different position has been taken by a large number of contract workers lobbying for a special immigration status for those who have worked in the commonwealth for five years or more. They see a provision in the new law that could lead to special status, similar to that afforded citizens of the freely associated states. This would allow them visa-free entry to the United States and freedom to move around in the labor market. In fact, this year saw the development of a wholly new self-perception on the part of large numbers of contract workers. Instead of being afraid of being deported, and behaving meekly and obediently if they did protest their conditions, they have begun organizing to lobby the federal government, pushing for an amendment to the immigration act as well as a more liberal policy internal to the commonwealth. A peaceful march of about 2,000–3,000 people (some estimates run as high as 10,000) in March 2008 demonstrated the power of this group. The crowd gathered on Beach Road

and walked peacefully to the American Memorial Park, where rallies were carried out, speeches made, and people of all ethnicities representing the nonresident worker population and their local supporters gathered to share their views. The Dekada Movement is the first and largest of these groups, primarily but not exclusively made up of Filipino members. In addition, the leaders of the different groups have taken to writing letters to the editors of newspapers on a variety of relevant topics. This approach had never even been considered before. Meanwhile, human-rights activists welcomed the federalization of the immigration system as a means to combat an increasing level of human trafficking in the commonwealth.

In reaction, an indigenous rights group called Taotao Tano (People of the Land), led by indigenous rights activist Gregorio Cruz, began lobbying against special treatment of contract workers as one of its priorities. Other, more radical groups waited in the wings.

Earlier in 2007 the US Congress passed a new minimum-wage bill for the Mariana Islands, bundled with about fifty other unrelated pieces of legislation. Thirty days after President George W Bush signed the bill into law, the US\$3.05/hour minimum wage increased by fifty cents. Six months later it increased by another fifty cents. It now stands at \$4.05/hour, and is supposed to increase by fifty cents every six months until it reaches the federal level of \$7.15/hour. A movement is underway, with some chance of success, to halt any further increases in the minimum wage until the socioeconomic impact of the

increases is studied thoroughly. It is quite clear that many small businesses, operating with the earlier minimum wage of \$3.05/hour and a labor system that was in their favor, could not continue to do business under the new minimum wage. Many of the owners have closed down and left the Islands with their families.

To compound the disaster that is unfolding in the Marianas, the Commonwealth Utilities Commission came to a near meltdown in the production of electrical power. Since last year's report, the situation has gradually been getting worse. The island of Saipan now faces rolling two-hour blackouts (and some as long as four hours, several times a day) while the turbines and generators are being worked on, or because they simply break down. The situation has been complicated by the fact that spare parts have to be made off island, specifically for each engine, a time-consuming and expensive process. There are also contractual disputes between the government and the contractors hired to renovate the machinery.

In addition to the power outages and subsequent damage to electronics and electric systems, the worldwide price of oil has pushed up fuel costs by nearly 100 percent. The governor's promise during the 2007 State of the Commonwealth address of having affordable power in the near future is looking like a very distant dream. Utility costs have gone up to thirty-eight cents per kilowatt-hour for regular consumers, and higher for commercial customers. There are families on all three islands who are paying as much as \$2,000 a month for utilities. Energy saving devices are at a

premium, and it appears there is going to be a rush on residential windmills and solar water heaters for those who remain in the commonwealth.

The airlines have not escaped the fuel crisis. Citing fuel costs and low passenger loads, Continental Airlines recently canceled its two weekly Saipan–Manila flights. This will have significantly greater impact on Saipan than is immediately perceived. At the present time, Continental is the only airline in the region that can manage emergency medical evacuations to the qualified medical centers in Manila. Medevacs can no longer be carried out between the Mariana Islands and Guam. The propeller-driven planes used on those runs cannot accommodate stretcher patients. This has created severe problems for the Commonwealth Health Center, which has a very high frequency of medevacs to Manila, where the nearest certified facility is located and where the costs are much cheaper than in Hawai‘i.

To add insult to injury, gas prices at the pump have reached \$5.05 a gallon and have continued to climb. Dozens of cars with “For Sale” signs in the front window have begun to park on the beach side of Beach Road, and a great many more motor scooters have appeared on the road. Even bicycles are making a comeback.

As a result of these and other issues, there has been a very serious increase in departures from the islands by permanent residents, indigenous and otherwise. Studies are underway at the Northern Marianas College to quantify this exodus. One sign of hard times is the very low enrollment for summer school at the college, and some indications of a smaller student

body next academic year. Others have noted relatively large numbers of people leaving Rota. There has been talk of some thousand or more residential telephone disconnections on Saipan over the past year.

In mid-2007 the CNMI Supreme Court was asked to redistrict Saipan for elections to the Commonwealth House of Representatives. This was as a result of a petition by political activist Christina Sablan and Senator Maria Pangelinan. The legislature had not acted as required by the Constitution following the last decennial census and the governor had not moved to correct the situation. Although the petition actually asked the court to reduce the number of representatives, the net result was the addition of two new electoral districts and two more representatives, based on the 2000 census. The total is now twenty representatives instead of the sixteen requested in the petition. Unfortunately, the 2000 census no longer has much relevance in Saipan, following the closure of the majority of the garment factories and the resulting drop in population. The next census will not be until 2010.

In the November 2007 midterm election, Tina Sablan, now famous for her public campaigns to apply the Open Government Act to the legislature, for better treatment of contract workers, for restructuring the legislature, and many other popular causes, squeaked into the House of Representatives by a narrow margin. This has resulted in an informal restructuring of the legislature as Sablan continued her campaign on behalf of nonresident workers and the Open Government Act. Several veteran lawmakers have

begun to realign their positions, and the general public can now use the Internet to access schedules for meetings and hearings.

On the plus side, there has been renewed interest and activity in the tourism sector. Northwest Airlines has begun additional daily flights from Narita, Japan, and Asiana Airlines is adding flights from Korea. The Kumho group of companies, which owns Asiana, has recently acquired the LauLau Bay Golf Resort from United Micronesia Development Association, where they are going to spend \$40–\$50 million on a new resort that will include high-end condominium bungalows. The development association turned around and purchased the Nikko Hotel from Japan Airlines and is currently looking for a company to manage the property.

Construction on two new casinos on Tinian continued during the year. However, due to a lack of refueling facilities, the airport on Tinian cannot yet be used for international flights. Also, bureaucratic delays apparently stalled the construction and operation of an instrument-landing system funded by the Federal Aviation Administration.

In an unusual move, during the November 2007 election the people of Rota adopted an initiative to open casinos. (Since the late 1970s, the people of Rota have consistently rejected casinos.) A Casino Control Commission has recently been appointed and the search for possible investors is underway. Rota has an international-capacity airport that accommodates direct flights from Japan by Continental Airlines on a charter basis.

Regarding the energy situation,

Governor Fitial received a grant from the US Department of the Interior to explore the possibility of developing geothermal energy production on the island of Pagan, where there is still an active volcano, and transmitting the power to Guam via Saipan at a cost of approximately five cents per kilowatt-hour. The cost of constructing an undersea power cable for the 200 miles between Pagan and Saipan has been calculated at one million dollars per mile.

In January 2009, for the first time, the commonwealth will be able to take its place with the other territories in the US House of Representatives. Included in the federalization legislation was a provision to elect a commonwealth delegate to the House of Representatives in the November 2008 elections. As of the 7 August 2008 declaration deadline, more than nine individuals had filed to run, including 1 Democrat (David Cing), 1 Republican (Pete A Tenorio), and 7 individuals as independent candidates. However, none of the potential candidates have been certified yet, and it is possible some may be disqualified on technicalities.

The Pew Environmental Group sought support for a controversial proposal to create a marine memorial in the three northernmost islands of the Marianas Archipelago (Maug, Asunción, and Uracas). According to the Pew group, which has spent considerable time and money lobbying for support in the commonwealth, a decision would have to be made before President Bush leaves office in January 2009. The pressure on the local decision makers resulted in a very strong counteraction based on

fear of further federalization. While the idea has obvious merit, the indigenous population fears loss of fishing grounds and possible constraints on alternate economic activity that could take place in the two-hundred-mile exclusive economic zone. There is little consideration of the fact that the federal government already controls the marine economic zone, and there is no significant activity going on. Petitions were circulated on both sides.

Northern Marianas College continues to struggle to maintain its accreditation. Critical will be a visit by the Western Association of Schools and Colleges in October 2008 to review progress made on deficiencies noted in a previous visit. A new nursing school, Emmanuel College, is now open and doing business on Saipan. It turns out nursing assistants in a nine-month program. These graduates are primarily destined for service in California, where the owner of the college owns a number of nursing homes. Another educational endeavor is the American Mediscience University, a Korean institution that teaches traditional Korean medicine. Yet another group is in the preparatory stages of opening a full-blown medical school, similar to those in the Caribbean, but affiliated with the local Commonwealth Health Center.

An example of what could loom large in the future of the Marianas is the pending move of some 8,000 US Marines from Okinawa to Guam. The move will also include 15,000 dependents, support staff, and various ancillary services. A construction boom worth billions of dollars will commence on Guam in 2010, for a 2012 arrival date. An advance party

of military planners has visited all the populated islands of the Marianas to discuss possible uses and impacts. It is clear that Tinian will become a major training base, since under the covenant the military already has a lease on 17,000 acres there. Also, by that time Tinian should have three fully operational casinos, and there may be one or two on Rota, which is in close proximity to Guam. Mention has also been made of Pagan, one of the Northern Islands, as a military training facility, but this is much more problematic because that island is not on the list of military retention lands in the covenant.

SAMUEL F MCPHETRES

REPUBLIC OF PALAU

The major issues for 2007–2008 were the activities of the Republic of Palau (ROP) executive and the National Congress (Olbiil Era Kelulau, or OEK); relations with the United States, Taiwan, and Indonesia; the special prosecutor; fishing; and activities of the rural states.

President Tommy E Remengesau Jr is nearing the end of his eight-year presidency and departing as one of *Time* magazine's "heroes of the environment" for his Micronesia Challenge initiative. This commitment involves the conservation of 30 percent of a nation's marine environment and 20 percent of its terrestrial resources by the year 2020. All the states of the Federated States of Micronesia (FSM), Palau, the Marshall Islands, Guam, and the Commonwealth of the Northern Mariana Islands have signed on to the

challenge. Remengesau attended the Bali international conference on the environment, and Minister of State Temmy Shmull accepted a \$3.6 million grant from the European Union to fund renewable energy and sustainable alternative energy projects. Remengesau met briefly with US Secretary of Interior Dirk Kempthorne while attending the tenth annual Coral Reef Task Force meeting in Washington DC. At a series of conferences to celebrate Israel's sixtieth birthday (1948–2008), Remengesau called on the assembled leaders to develop alternative renewable energy sources, including wind, solar, and water. The conference moderator, former British Prime Minister Tony Blair, commended Remengesau for his brevity and passion. Israel has assisted Palau with fish farming, medicine, and radiology. Furthermore, in April Taiwan donated a half million dollars to the Micronesia Challenge trust fund and, perhaps inspired by this action, the Netherlands, Germany, Italy, and Spain also agreed to contribute.

President Remengesau presented a \$67.9 million budget to the Olbiil Era Kelulau in July 2007, rather than in April as usual. The budget included a \$10.3 million deficit that the president maintained could be covered by an increase in taxes as recommended by a Tax Task Force. The National Congress balked and Palau did not have an approved budget on 1 October 2007, the beginning of the fiscal year. The disappointed president finally approved a compromise budget of \$59.4 million at the end of November. The National Congress agreed on increases to the hotel room tax and fish export tax, and addressed other

tax increases on advice from World Bank and Asian Development Bank experts.

The big event of the year was the official opening of the US-funded, fifty-three-mile, \$149 million Compact Road on Independence Day, 1 October. An engineering marvel that tested the resolve of Daewoo Engineering and Construction Corporation by running badly over budget and beyond all timelines, the road is a magnificent achievement of design and construction. The US Army Corps of Engineers will be responsible for clearing future landslides, and some twenty Daewoo workmen will remain in Palau for the one-year road warranty period. Remengesau is also hoping to enhance his legacy with the completion of the \$11.9 million Koror-Airai arterial road rehabilitation project by Japan's Nishimatsu Construction Company. The current urban road system, built in 1980–1981, is well worn.

By executive action, Remengesau created the Oil and Gas Task Force. With representation from most segments of Palauan society, the group, chaired by Senator Santy Asanuma, recognized that it still needed to enlarge its membership, being “duty bound to safeguard and protect the varying interests of *all* Palauan stakeholders, inclusive of both the national and individual states without prejudice” (*TB*, 11–17 Jan 2008, 2; emphasis added). The World Bank has provided \$223,300 to finance technical assistance to the task force, including consulting services to develop a hydrocarbon code and model agreement, petroleum operation regulations that respect environmental regulations, and hydrocarbon tax regula-

tions. This is all taking place without knowing whether or not oil exists in commercially valuable quantities north of Kayangel Atoll, the northernmost island area in Palau.

In light of the terrible consequences of the 2006 bankruptcy of the Pacific Savings Bank, Remengesau signed into law a bill amending the Financial Institutions Act of 2001. The amendment will require an annual external audit of all banks in Palau and more time (five years) to rehabilitate a failed bank. This action supplements passage of the Counterterrorism Act of 2007, the Cash Courier Disclosure Act of 2007, and the Money Laundering and Proceeds of Crime Act of 2001.

Remengesau ended the period under review by delivering his last State of the Republic address, in which he thanked the people of Palau for giving him “the greatest honor of my life” and a “profound experience.” He also hosted the Micronesian Leaders Summit in Palau; traveled to the Republic of the Philippines for a state visit with President Gloria Macapagal-Arroyo, during which numerous important agreements were signed; accepted the credentials of Indonesian Ambassador Irzan Tangjung; and led a party of top leaders to the inauguration of Taiwan’s President Ma Ying-jeou.

Vice President Elias Camsek Chin declared his candidacy for the presidency, and chose Congressman Alan Seid as his running mate. Unlike previous national elections, a vice presidential running mate is required by a constitutional amendment approved at the 2004 elections. Now Chin’s challenge is to balance his campaign activities with his vice-presidential duties. He represented Palau at the

United Nations opening session, giving a speech to the General Assembly that emphasized the vulnerability of small island states to climate change. He also stood in for Remengesau at the Pacific Islands Forum. Palau was one of five island nations that did not send their chief executive because of the presence of non-elected Commodore Frank Bainimarama of Fiji. The Chin-Seid ticket is one of four teams that will contest the 23 September primary race. The three other teams lined up for the primary are Attorney Johnson Toribiong with Congressman Kerai Mariur; Senator Joshua Koshiba and Peleliu Governor Jackson Ngiraingas; and Senate President Surangel Whippis with the Reverend Billy Kuartei, currently Remengesau’s chief of staff.

The nine-member Senate of the Palau National Congress was commended for rejecting the proposed secrecy bill regarding the Compact Review Commission’s work product as a clear-cut violation of the Palau Constitution. However, later in the year the sixteen-member House of Delegates came under fire from the press and general public for approving a budget that was heavy on taxes, for not holding public hearings on the budget, and for ignoring serious concerns about the budget and tax increases. Newspaper opinion pieces scolded the legislators with editorial headlines such as, “Who Is Responsible for the Budget Mess?” (*TB*, 14–20 Sept 2007, 8) and “Irresponsible Leadership and Abuse of Power” (*TB*, 2–8 Nov 2007, 8). The *Tia Belau* cartoonist had a field day presenting the congressmen and top executives as greedy pigs feeding on money and power (*TB*, 2–8 Nov 2007, 8, 15).

In contrast, the Senate held numerous public hearings and open sessions across Palau on the budget and taxes, and after a continuing resolution that allowed the government to operate at levels from the previous fiscal year for October and November, served up a budget of \$59.4 million, which President Remengesau reluctantly signed into law. The National Congress concluded its work for the period by considering for ratification an agreement between Palau's National Communications Corporation (PNCC) and Taiwan's Chunghwa telecommunications to totally upgrade PNCC equipment and services to make Palau the "e-government, e-health, and e-business center of Micronesia" (*TB*, 8-14 Feb 2008, 4). The Congress passed the PAN (protected area network) conservation legislation, which calls for a \$30 "green fee" to be paid by each arriving visitor beginning 1 October 2008. Most of the fee will go toward protecting Palau's conservation areas. Finally, the Congress passed legislation providing a three-million-dollar subsidy for the Palau electric corporation to cover the surging cost of electricity, with preferential treatment for consumers with low demand and/or low income.

Palau's most sensational financial collapse was the 2006 bankruptcy of the Pacific Savings Bank (PSB). Public Law 7-25 authorized President Remengesau to hire an independent counsel to investigate matters and prosecute individuals. Lewis K Harley of Houston, Texas, was hired, and on 30 May 2008 he filed an interim report with the president and senate. Harley's report makes two basic points. First, the collapse of the

bank was caused by "the criminal, improper, illegal, and fraudulent activities of its directors and officers through insider and related party loans, dubious investments, expenses, and other allowances" (*TB*, 6-12 June 2008, 1, 15). The report states that \$41 million was deposited and withdrawn from the bank in just one year, 2005. Second, Harley requires considerably more help to document the entire process of failure. In February, Harley filed charges against Tim Taunton, former president and chairman of the bank's board of directors; Finance Minister Elbuchel Sadang; House of Delegates member Mario Gulibert; other officers of the bank; and members of the Board of Trustees of the Civil Service Pension Plan "in relation to the Pension Plan's placement of \$1 million into the defunct bank in September 2006" (*TB*, 15-21 Feb 2008, 1). The Pension Plan Board is accused of knowingly failing to safeguard and insure the preservation of pension plan funds, thereby "enabling the PSB directors and officers to continue to deceive the public with regards to its financial conditions" (*TB*, 15-21 Feb 2008, 15).

Palau has had friendly diplomatic relations with Taiwan since 1999 and over the years received more than \$100 million, mainly for infrastructure, but also for services such as the Taiwan Technical Mission, which provides agricultural research, extension, and products. On two occasions Palau and Taiwan's other Pacific allies (the Marshall Islands, Solomon Islands, Kiribati, Nauru, and Tuvalu) sent letters to the United Nations urging that Taiwan be granted UN membership. The March 2008 bid was the fifteenth

consecutive annual request for recognition for Taiwan.

Taiwan's latest venture in the region is the establishment of the Austronesian Forum for Cooperation. At the inaugural conference in Koror, nine countries signed the forum declaration: Palau, Marshall Islands, Kiribati, Solomon Islands, Tuvalu, Nauru, Philippines, New Zealand, and Taiwan. The forum has the endorsement of the leaders at the second Taiwan-Pacific Allies summit leaders in 2007. Its basic purpose is to bring the Austronesian communities together to promote democracy, good governance, human rights, and sustainable development. The forum headquarters will be established in Palau.

In March 2008, Palau's popular special prosecutor, Everett Walton, resigned. He was especially active in pursuing congressmen who allegedly violated rules and regulations regarding travel, and misuse of government funds. Walton also filed complaints against state governors and administrative officials for numerous alleged violations of their use of funds and misconduct while in office. In a small society such as Palau, aggressive pursuit of alleged lawbreakers sets up a wide range of dynamics. Remengesau was unsuccessful in persuading Walton to reconsider his resignation, and he departed Palau on 29 March. *Tia Belau* said it best: "We think Walton did a good job under the circumstances" (*TB*, 14–20 March 2008, 8).

After some misunderstanding regarding the terms "renegotiate" and "review," Palau and the United States had one meeting to begin the process of reviewing the terms of the Compact of Free Association, which

should be completed by 1 October 2009. During the first 15 years of the 50-year compact, Palau received over \$500 million from the United States, designed to assist the young nation achieve economic self-sufficiency, among other things. Added to this was about \$100 million contributed by Japan and another \$100 million from Taiwan since 1994. Even with these sizable monetary injections, it is questionable whether or not the goal has been achieved. This is the basic issue the two review teams need to tackle. How special is the special relationship that exists between Palau and the United States, particularly regarding continued financial support both for operations and infrastructure?

Rev Billy Kuartei and Director of Pacific Island Affairs for the US Department of State Steven McGann sat down at the table in Palau in March to begin the review. Press reports indicate that discussions did not get beyond generalities. Section 432 of the compact states, "Upon the fifteenth and thirtieth and fortieth anniversaries of the effective date of this Compact," the two governments should consider "the overall nature and development of their relationship." Specifically, the parties need to review progress toward the objectives set out in Palau's development plan (Public Law 99-658, Compact of Free Association, Approval, pages 3690–3691, 3699). So, there is a lot of reviewing to do.

Palau's rural states are becoming more active in Palau's affairs. With the exception of Koror, the other fifteen states depend exclusively on the national government for cash support, yet a few states act as though they are

independent entities with their own foreign policies. Peleliu's governor, Jackson Ngiraingas, has been talking with various officials in Malaysia about building large resort projects on Peleliu and Angaur. The Angaur project envisions five gigantic buildings, each with seven towers as a first phase, and a second phase of a golf course and 500-room resort located in another part of Angaur. The revenue from the operation of these facilities would pay off billion-dollar loans taken out by both islands to construct the resort facilities.

Ngchesar, on the other hand, is leasing land for housing and working with the Taiwanese to get their road paved. Also in Ngchesar, a jungle riverboat cruise began as an ecotourism operation. These projects could go forward only after Governor Hideo was removed by the State Council for his pro-Mainland China activity.

Aimeliik State elected Leilani Reklai as its governor. She joins Vicky Kanai of Airai State and Akiko Sugiyama as the first female governors of Babeldaob states. The governor of Melekeok was sued by the special prosecutor for multiple charges of misuse of state funds and misconduct in office, but the suit was dropped by Walton just before he departed from Palau. However, the state still has to deal with the suit filed by Patrick Tellei regarding a petition to amend the state constitution, which would reduce the number of legislators to eleven, all elected, as an alternative to the current five elected seats plus the state's ten traditional chiefs and the governor.

The colorful and sensitive Larry W Miller, associate justice for the Palau Supreme Court, tendered his resigna-

tion after fourteen years on the bench. Much endeared, Miller learned to speak and even sing in Palauan. He presided over many landmark cases, including the Airai Golf Course case *ROP v ASPLA* (Airai State Public Lands Authority); the ROP versus Saunders murder case; the Rengiil Estate and Becheserak Estate cases; as well as chiefly title cases such as the Airai *Ngiraked* and *Ubad* title disputes. Miller will return to New York and join his brother's firm, which specializes in reorganization and merging of corporations and companies. Miller's replacement on the bench will be Alexandra F Foster, who arrives in September 2008. President Remengesau chose an off-Islander because these individuals have few conflict-of-interest issues when it comes to judicial work.

Fishing is listed as Palau's second largest industry after tourism, yet few Palauans are involved as commercial fishermen. Palau sells its fishing rights to three companies, two of which are in trouble for cigarette smuggling and tax evasion. Palau Marine Industries Corporation recruited former President Kuniwo Nakamura to intervene in their tax evasion case and worked out an arrangement whereby the company would pay about \$700,000 to settle it. The company made just one payment of about \$100,000 and even attempted to sell the company in hopes of continued evasion. In late May, Palau Marine Industries lost its case at the appellate level and is officially out of business.

Palau hosted the Forum Fisheries Agency (FFA) fourth ministerial meeting, followed by the sixty-seventh Forum Fisheries Committee meeting in Koror. The tone of the meeting

was set by the FFA director general, Tanielu Su'a, who informed the sixteen member countries that "tuna fisheries in the Pacific have been under 'severe stress' from a [*sic*] overcapacity, excessive fishing pressure, technological innovations, poor fishing practices, ineffective management, non-sustainable development, and poor monitoring, control and surveillance" (TB, 23–29 May 2008, 3). These circumstances led the Western Pacific Regional Fishery Management Council to recently prohibit purse seiners from fishing within seventy-five miles of shore in US federal waters off Guam, the Northern Marianas, and American Sāmoa. Such drastic action is designed to protect the population of skipjack tuna.

In another important development, President Remengesau expressed interest in a solar-power experiment that would beam electricity generated in space down to a receptor located on Helen's Reef in the Southwest Islands. The electrical energy of one megawatt would be sufficient to power 1,000 homes. This would essentially be a feasibility study to test the practicality and safety of the idea. An American entrepreneur approached Remengesau about the concept at the UN Climate Change Conference in Bali in December 2007 (TB, 28 Dec 2007–3 Jan 2008, 1, 15).

Deaths of people have a significant impact on small societies such as Palau. During the year, Tatingal Ruauch, age 89, passed away. Gabriela Ngirmang, women's leader and voice of the anti-compact movement of the mid-1980s, died at 84. *Ngirturong* (chief) Masao Franz Remengesau, 87, and chief Johanes Ngirakesau,

86, passed away. At only 54, Director of Public Safety Hazime Telei passed away. Carol Kesolei Anastacio, 54, who had been a teacher at the Palau Community College and a successful businesswoman with her husband, unexpectedly passed away. Ngatpang chief and local historian Techitong Reblud, 80, died. In the New Year, Rengulbai Brikul Ngiruchelbad, age 84 and a member of Palau Council of Chiefs, died. On 31 January, *Ubad* Ngeriut Matlab passed away; although a member of the Idid clan of Koror, she held the important title of *Ubad* of Airai. At the very young age of 19, Madraisau Smus, a star baseball player for Palau, died in a tragic car accident. Kukumai Rudimch, wife of Indalecio Rudimch and mother of the late Senate President Isidoro Rudimch, who helped establish one of Palau's oldest and most successful businesses, died at 81. Iluches Beches, the high chief of Ulimang, Ngaraard, died at 88. Mike Ongalibang, a member of the Ngchesar State Council, passed away at 59. Tragically, Palau artist Willy Watanabe, and Rodel Marco, a graphic artist from the Philippines, died from drowning at the Japan-Palau Friendship Bridge. Willy attempted to save Rodel, but both were lost while at an Easter Sunday picnic. Lance A D Sugiyama, an 18-year-old student at Palau High School, also died from drowning. Ricardo Ngirkelau, 61, passed away; he was a superb baseball player and all-around athlete who loved athletic competition. Businessman and chief Hittora Demei died after being ill for some years. Idip Ngiratiou, who held the title *Ngirarois*, passed away at age 105. He was the organizer and man-

ager of Palau's very first baseball team, the All Palau All Stars, which he had started in about 1925, during Japanese times. The former governor of Angaur, Ben Roberto, passed away on June 7. A colorful person, Ben ran for the presidency of Palau in 2000 and was the leader of the Mormons in Palau. Ebas Rsei, the longest-serving member of the Ngchesar State Council who held the chiefly title *Rechtuker*, died at age 85. Tragically, Kirino Semdiu, a local chief, drowned while collecting trochus outside the reef at Melekeok State; he was 47. Omoto J Rengiil, a retired elementary teacher and principal of Airai Elementary School,

also passed away. On Guam, Ichiro Belailes, one of the oldest founding members of the Palauan Community Association, and a retired member of the US Army, died at age 78.

DONALD R SHUSTER

SPECIAL THANKS to *Yoichi K Rengiil* for comments on an earlier draft of this review.

Reference

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